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20 September 1954

MEMORANDUM FOR: Deputy Assistant Director for Personnel

SUBJECT: Major Personnel Legislation Enacted by 83rd Congress, Second Session

1. The Planning and Analysis Staff has asked the Legislative Counsel to provide copies of personnel legislation passed during the second session of the 83rd Congress. Although several days are required for the printing and distribution of bills passed at the close of the Congress, the Legislative Counsel has assured PAS that he will forward copies of important measures, such as the Social Security Amendments of 1954 and the Unemployment Compensation Law, as soon as they become available. We will also review the final summary of enactments of the 83rd Congress upon its publication and will request copies of all other measures of interest to the Office of Personnel.

2. The following is an interim account of the major changes in personnel policies and benefits which were effected this year by the 83rd Congress:

a. Group Life Insurance

The passage of the Group Life Insurance Bill introduced an entirely new feature in the employee benefits available to Federal workers. This program, containing an early effective date, is already being implemented in the Agency. About two million Federal employees are expected to take advantage of this legislation.

b. Super-Grades

The number of super-grades (GS-16, 17, and 18) was increased by 150. The result will lift the ceiling for several officials, mostly in Washington, D. C., and, thus, some of their subordinates as well.

c. Longevity Step-Increases

Whereas the previous cut-off for allowing longevity step-increases was GS-10, employees in grades GS-11 through GS-15 will now be permitted such increases. The arrangement is designed to provide a greater career incentive in those grade brackets in which

promotions and advancements are slow. No single increase can exceed \$200, and only one increase can be given at one time regardless of an employee's previous years of service. Thus, personnel will have to complete another three years before they can receive another longevity step-increase, and a maximum of three increases may be obtained. The effective date is the first pay period following 1 September 1954.

d. Overtime

Although the pay bill was vetoed, a number of amendments to the Federal Employees Pay Act of 1945, as amended, were passed which will mean more money for Federal employees. The new overtime provision is an example. Under the old arrangement, the overtime rate was less than the hourly rate for salaries above \$4,045 (GS-6, third step); the new law provides an overtime payment of one and one-half times the hourly rate for all employees whose basic compensation does not exceed the rate of compensation for grade GS-9, first step (\$5,060) and employees earning a salary above GS-9, first step, through grade 15 may receive overtime on the first \$5,060 of their regular pay. Agencies may grant compensatory time in lieu of overtime payment upon the request of employees whose basic compensation is equal to or below the maximum rate for a GS-9. They may require employees whose compensation exceeds the maximum rate for grade GS-9 to take compensatory leave instead of overtime. The effective date is the first pay period which begins more than 60 days after 1 September 1954.

e. Pay Differentials

Personnel subject to stand-by duty, such as certain guards and firefighters, may be granted a 25 per cent differential annual pay by their Agency in lieu of coverage under hourly premium pay provisions. Also, employees whose duties require substantial unscheduled overtime may be paid a 15 per cent differential in lieu of overtime, holiday pay and other premium pay.

f. Call-Back Pay

Call-back duty, either on a regular or non-regular workday, must be compensated for a minimum of two hours even if the period of actual duty is of less duration.

g. Abolition of CPC Schedule

The CPC Schedule has been eliminated. Approximately 120,000 employees affected by the law will be transferred either to the GS Schedule or placed under the prevailing wage board system. Crafts and labor jobs will be put under the latter, and protective and custodial positions (guards, messengers, etc.) will be assigned to the GS Schedule. Current employees are

guaranteed their existing salaries or higher ones. Agencies have a maximum period of six months after 1 September 1954 to place protective and custodial positions under the General Schedule. The conversion of positions to the wage board system must be completed in 12 months after 1 September 1954.

h. Uniforms

A tax-free allowance up to \$100 a year is authorized for Federal personnel required, by current law or regulation, to wear uniforms in the performance of duty. The effective date is the first pay period which begins more than 60 days after 1 September 1954.

1. Annual Leave

(1) The mandatory reduction of excess annual leave was repealed. Employees have been required to reduce accumulated annual leave over "reasonable number of years" to a maximum of 30 days. This repeal has the effect of establishing an accumulation ceiling at the January 1954 level for those employees who brought forward into leave year 1954 more than 30 days leave. However, once an employee's leave balance goes below this figure, his accumulation ceiling is reduced to the lower level.

(2) Survivors of deceased employees will receive a lump-sum for all accumulated and current earned annual leave whereas formerly current leave was lost if the total amount carried over into a year exceeded 30 days.

(3) These provisions become effective 1 September 1954.

j. Salaries above Grade Minimums

The Civil Service Commission may fix the starting salary for designated positions above the minimum step of the grade when required by local employment conditions. When this is done, on duty personnel in such positions will be increased to the new entrance rate as well.

k. Incentive Awards

Previous laws governing the granting of incentive awards have been repealed in favor of a unified and liberalized program. The new law covers all cash awards for suggestions, inventions and superior accomplishment. The amount of cash that may be granted has been increased (up to \$5,000 by a Federal Agency and up to \$25,000 upon CSC approval) but step increases in compensation for superior accomplishment have been eliminated - the basis

reason offered being the inequity of having the size of an award vary according to the grade of the employee rather than the value of his contribution. The effective date is the 90th day after 1 September 1954.

l. Modification of Whitten Amendment

Although the Whitten Amendment (basis for non-permanent appointments and promotions since 1950) was not repealed, the ban on permanent promotions was lifted and the 1.54 million ceiling on permanent Federal positions was increased by 10 per cent. As a result of the change, the CSC plans to permit approximately 358,000 personnel to receive permanent status eventually. Indefinites who have passed competitive exams and who have three years of continuous service will receive permanent status. Employees who have not taken examinations will be permitted to take any examinations which are now open plus any that were open at any time for positions held by such personnel since 1950. The CSC contemplates a "career-conditional" status for employees hired in the future by competitive examination. They will have status for promotion, transfer and reemployment without having to take further examinations, but they will have a lower standing in RIF's than career employees, although a higher one than personnel appointed outside the registers. No change was made in the one-grade limitation on promotion.

m. Payment of Travel to Place of Residence after Overseas Tour

A bill having certain characteristics of "Agency home leave" was enacted into law. It provides that a Federal employee may receive travel to his place of residence at Government expense upon the conclusion of an overseas tour if the employee concerned agrees in writing to return to the overseas post after his leave is concluded. This measure is more stringent than P.L. 110 in the sense that Agency personnel must be willing under P.L. 110 to accept another overseas assignment but are not required to sign an agreement. On the other hand, P.L. 110 requires an individual to have sufficient annual leave to remain in a pay status for 30 calendar days while in the United States and to stay overseas for two years of continuous service in order to receive travel to place of residence. Although P.L. 110 will continue to apply to Agency personnel serving overseas, the new law will apply to those not covered by P.L. 110, for example employees in U. S. territories. The new law also provides, under stipulated circumstances for the advance return of dependents for compassionate reasons.

n. Social Security

(1) The Social Security Amendments of 1954 extend coverage to 10.2 million additional Americans and increase benefits, ranging from a monthly minimum of \$30 to a maximum of \$95 for a retired

worker age 65 and over (formerly \$25 and \$85, respectively). Survivorship benefits are also increased. Other basic changes include the following: (a) the 2 per cent contribution remains unchanged; (b) the earnings base is increased from \$3,600 to \$4,200; and (c) individuals will be entitled to eliminate up to five years of their lowest earnings in computing their average monthly wage for benefit purposes.

(2) Perhaps the most immediate Agency concern arising from the passage of the law is the extension of social security benefits to employees paid on a contract or fee basis. Currently, any part-time employee, consultant or expert hired by a personal services contract is excluded from social security.

o. Performance Rating

The CIA was exempted from the Performance Rating Act of 1950, as amended.

p. Repeal of Provision in P.L. 110 on Scientific Positions

Section 9 of P.L. 110, containing statutory authorization and the rate of compensation for three scientific positions, was repealed.

q. Missing-in-Action Allowances

The authority to continue the pay, allowances and allotments of civilian and military personnel missing-in-action was extended to 1 July 1955.

r. Retirement Annuities

The temporary increases voted Civil Service retirees a few years ago have been made permanent. Moreover, annuitants age 65 and over were exempted from taxation by the new tax law on all retirement income up to \$1,200 (a maximum tax reduction of \$240).

s. Unemployment Compensation

The 83rd Congress enacted a measure extending unemployment coverage to Federal employees in accordance with the laws of the states in which they are employed. Thus, the amount of each employee's benefits will be determined by the law of the state in which he works. The amount due an employee will be paid through the state to the employee by the Federal government, and the coverage is without cost to Government personnel. Examination of this legislation, when copies are available, may indicate security problems.

t. GI Educational Benefits

A one year time extension for initiating educational training under the GI bill was voted for Korean veterans. The previous law provided that Korean veterans could enroll in training within two years after discharge. For many veterans, this latter provision meant the expiration of their eligibility just prior to the beginning of the current fall terms.

u. Veterans Compensation and Pensions

A 5 per cent increase in the rate of compensation was approved for veterans of all wars and their survivors and dependents.

3. Among the important proposals failing of adoption during the 83rd Congress were the pay bill, the group medical and hospitalization insurance proposal and various retirement measures. Accordingly, pay, hospitalization and retirement will undoubtedly comprise three of the most significant personnel topics that will be considered in the coming session.

STATINTL



Chief, Planning and Analysis Staff

Copies to:
Staff and Division Chiefs, Office of Personnel